

SERENITY 67
Baton Rouge, Louisiana
ACCOUNTANT'S COMPILATION REPORT
For the Year Ended June 30, 2009

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 6/16/10

Melvin L. Davis
Certified Public Accountant

(A Limited Liability Company)

**FAMILY DAY CARE HOME (FDCH) PROGRAM
ADMINISTERED BY
PELICAN PROVIDERS, INC.**

Financial Statements and
Accountant's Compilation Reports
Year Ended June 30, 2009
With Supplementary Information Schedules

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Certified Public Accountant

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ACCOUNTANT'S COMPILATION REPORT

To the Board of Directors and Management
Serenity 67
Baton Rouge, Louisiana

I have compiled the accompanying statement of financial position of Serenity 67 (a nonprofit organization) as of June 30, 2009, and the related statements of activities, cash flows, and functional expenses for the period then ended, in accordance with Statements in Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants.

A compilation is limited to presenting in the form of financial statements information that is the representation of management. I have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or any other form of assurance on them.

Melvin L. Davis

Baton Rouge, Louisiana
June 4, 2010

Statement A**SERENITY 67
Baton Rouge, Louisiana****Statement of Financial Position
June 30, 2009****ASSETS**

Cash in bank	\$ 131
Other assets	927
Property and equipment, net (note 3)	<u>140,517</u>
TOTAL ASSETS	<u><u>\$ 141,575</u></u>

LIABILITIES

Bank overdrafts	\$ 10,903
Accrued and withheld payroll taxes	<u>123,277</u>
TOTAL LIABILITIES	<u>134,180</u>

NET ASSETS

Unrestricted - Operating	(133,122)
Unrestricted - Fixed Assets	<u>140,517</u>
TOTAL NET ASSETS	<u>7,395</u>

TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 141,575</u></u>
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The notes to the financial statements are an integral part of this statement.

Statement B**SERENITY 67
Baton Rouge, Louisiana****Statement of Activities
Year Ended June 30, 2009****SUPPORT AND REVENUE**

Miscellaneous	\$ 19,239
Grants from governmental agencies	54,364
In-kind support (note 4)	<u>6,820</u>

TOTAL SUPPORT AND REVENUE	<u>80,423</u>
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EXPENSES

Program Services:	
Elderly services	70,681
Strengthening Family	<u>14,522</u>

Supporting Services:	
General and administrative	<u>45,404</u>

TOTAL EXPENSES	<u>130,607</u>
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INCREASE (DECREASE) IN UNRESTRICTED NET ASSETS	(50,184)
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NET ASSETS AT BEGINNING OF YEAR, as restated	<u>57,579</u>
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NET ASSETS AT END OF YEAR	<u><u>\$ 7,395</u></u>
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The notes to the financial statements are an integral part of this statement.

Statement C

SERENITY 67
Baton Rouge, Louisiana**Statement of Cash Flows**
Year Ended June 30, 2009

CASH FLOWS FROM OPERATING ACTIVITIES	
Change in net assets	\$ (50,184)
Adjustments to reconcile change in net assets to cash provided (used) by operating activities	
Depreciation	4,313
(Increase) decrease in operating assets:	
Accounts receivable	14,492
Other assets	(740)
Increase (decrease) in operating liabilities:	
Accounts, salaries, and other payables	9,543
Bank overdrafts	10,903
Net cash provided (used) by operating activities	(11,673)
CASH FLOWS FROM INVESTING ACTIVITIES	
Capital expenditures	(1,600)
Net cash provided (used) by investing activities	(1,600)
Net increase in cash	(13,273)
CASH AT BEGINNING OF YEAR	<u>13,404</u>
CASH AT END OF YEAR	<u><u>\$ 131</u></u>

The notes to the financial statements are an integral part of this statement.

Statement D

**SERENITY 67
Baton Rouge, Louisiana**

**Statement of Functional Expenses
Year Ended June 30, 2009**

	Elderly Services	Strengthening Family	Total Program Services	General and Administrative	Total
EXPENSES					
Accounting	\$ 1,590	\$ 405	\$ 1,995		\$ 1,995
Auto expenses	1,000	158	1,158	\$ 30	1,188
Bank charges			-	513	513
Contributions			-	400	400
Contract labor		677	677		677
Food and snacks		3,780	3,780		3,780
Grant assistance		500	500	1,000	1,500
Insurance		1,742	1,742	860	2,602
Miscellaneous	105	100	205	31,275	31,480
Payroll taxes	5,555	155	5,710		5,710
Postage	84		84		84
Printing	374		374		374
Rent	40		40	6,959	6,999
Repairs & maintenance	838	3,783	4,621	54	4,675
Salaries	55,582		55,582		55,582
Security	294		294		294
Supplies	456	2,185	2,641		2,641
Telephone	2,566	458	3,024		3,024
Utilities	2,197	579	2,776		2,776
Depreciation			-	4,313	4,313
	<u>\$ 70,681</u>	<u>\$ 14,522</u>	<u>\$ 85,203</u>	<u>\$ 45,404</u>	<u>\$ 130,607</u>

The notes to the financial statements are an integral part of this statement.

SERENITY 67
Baton Rouge, Louisiana

Notes to the Financial Statements
For the Year Ended June 30, 2009

Note 1 – Summary of Significant Accounting Policies

A. Organization

Serenity 67 (the Organization) was organized in Louisiana in 1993 as a non-profit corporation for the purpose of providing human services to the residents of Louisiana House of Representatives District 67 and surrounding areas. Services provided include medical transportation services for the elderly, a day program for senior citizens, camps for youth, tutoring, self-esteem programs, personal hygiene programs, and drug abuse prevention/awareness counseling for the youth of the District.

B. Basis of Accounting

The financial statements are prepared on the accrual basis in accounting. Accordingly, revenues are recognized when earned and expenses are recognized when incurred.

C. Financial Statement Presentation

Financial statement presentation follows the recommendation of the Financial Accounting Standards Board on its Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statements of Not-for-Profits Organization*. Under SFAS No. 117, the Organization is required to report information regarding its financial position and activities according to three classes of net assets; unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets, as applicable.

Unrestricted Net Assets – Support, revenues, and expenses for the general operation of the Organization.

Temporarily Restricted Net Assets – Contributions specifically authorized by the grantor or donor to be used for a certain purpose or to benefit a specific accounting period.

Permanently Restricted Net Assets – Contributions subject to donor-imposed restrictions and that are to be held in perpetuity by the Organization. Generally, the donors of these assets permit the Organization to use all or part of the income derived from the investment of these contributions.

D. Cash and Cash Equivalents

For purposes of reporting the statement of cash flows, the Organization considers cash accounts, which are not subject to withdrawal restrictions or penalties, and highly liquid debt instruments with a maturity of three months or less to be cash equivalents.

E. Property and Equipment

The Organization's policy is to capitalize property and equipment over \$200. Lesser amounts are expensed. Purchased property and equipment is capitalized at cost. Donations of property and equipment are recorded as contributions at their estimated fair value.

Depreciation is provided utilizing the straight-line method over estimated useful lives of the asset. Depreciation expense totaled \$4,313 for the year ended June 30, 2009. Estimated lives of the assets are as follows:

Office furniture and fixtures	7 years
Office machinery and equipment	5 years
Vehicles	5 years
Buildings	39 years

F. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

G. Income Taxes

Income taxes are not provided for in the financial statements since the Organization is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code and similar state provisions. In addition, the Organization has been determined by the Internal Revenue Service not to be a private foundation within the meaning of Section 501(9) of the code.

H. Contributions

Contributions are generally recorded only upon receipt, unless evidence or an unconditional promise to give has been received. Unconditional promises to give that are expected to be collected in future years are recorded at the present value for the amounts expected to be collected. Conditional promises to give are not included as support until such time as the conditions are substantially met. All contributions are considered available for unrestricted use unless specifically restricted by the donor.

I. Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Serenity 67
Notes to the Financial Statements
For the Year Ended June 30, 2009

Note 2 - Concentration of Credit Risk

The Organization maintains cash balances in two financial institutions located in Louisiana which is insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. The Organization had no uninsured balances at June 30, 2009.

Note 3 - Property and Equipment

Property and equipment consist of the following at June 30, 2009:

	Balance July 1, 2008	Additions	Deletions	Balance June 30, 2009
Governmental activities:				
Capital assets, being depreciated:				
Buildings	\$ 144,012	\$ 1,600		\$ 145,612
Office furniture and fixtures	7,145			7,145
Office machinery and equipment	14,434			14,434
Vehicles	20,836			20,836
Total capital assets, being depreciated	<u>186,427</u>	<u>1,600</u>	<u>-</u>	<u>188,027</u>
 Total capital assets	 186,427	 1,600	 -	 188,027
 Less accumulated depreciation for:				
Buildings	1,800	3,687		5,487
Office furniture and fixtures	6,127	626		6,753
Office machinery and equipment	14,434			14,434
Vehicles	20,836			20,836
Total accumulated depreciation	<u>43,197</u>	<u>4,313</u>	<u>-</u>	<u>47,510</u>
 Total capital assets, being depreciated, net	 <u>\$ 143,230</u>	 <u>\$ (2,713)</u>	 <u>\$ -</u>	 <u>\$ 140,517</u>

Note 4 - In-Kind Support

The Organization records the in-kind value of goods and services contributed to support various activities as support and related expenses. In-kind support was \$6,820 for the year ended June 30, 2009, for donation of rent-free office space.

The above item is included in the supporting services expenses on the statement of activities.

Serenity 67
Notes to the Financial Statements
For the Year Ended June 30, 2009

Note 5 – Going Concern

As shown in the accompanying financial statements, the organization has incurred net loss from continuing operations of \$133,122 as of June 30, 2009. In addition, the organization has not paid its payroll taxes withheld in recent years and additional penalties and interest have been assessed upon the organization.

In view of these matters, the ability of the organization to continue as a going concern is dependent upon continued growth of unrestricted revenues or significant fundraising activities. Management believes that significant fundraising activities, projecting to generate income exceeding the net loss can sustain the organization and ensure that all delinquent taxes are paid in full and that future tax liabilities are paid in a timely manner.

SUPPLEMENTARY INFORMATION SCHEDULES

**SERENITY 67
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2009**

FINDINGS – FINANCIAL STATEMENT AUDIT

Finding 2009-01 Late Submission of the Compilation Report

Condition:

The audit of the Serenity 67's financial statements was not completed and filed with the Office of Legislative Auditor within six months of the close of Serenity 67's fiscal year.

Criteria:

In accordance with Louisiana Revised Statute §24:513 and the Louisiana Governmental Audit Guide require all engagements to be completed within six months of the close of the entity's fiscal year.

Cause:

Serenity 67 did not close its books for the year ended until mid-January, 2010.

Effect:

The compilation report was not filed within the time period required by state law.

Recommendation:

Management needs to place emphasis on providing financial related data in a timely manner and establish financial reporting procedures that will ensure the complete, accurate, and timely recording to transactions. In addition, management should develop and adhere to year-end closing procedures.

Management's Response and Correction Action Plan:

Management concurs with the finding and recommendation and the organization's corrective action plan is provided as part of this report (see Management's Corrective Action Plan, page 14).

SERENITY 67
SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2009

FINDINGS – FINANCIAL STATEMENT AUDIT

Finding 2008-01 Human Resources and Payroll Transactions

Recommendation:

Serenity 67 should also develop procedures to ensure that all payroll transactions are properly recorded and taxes are paid in a timely manner.

Response: Unresolved

Finding 2008-02 Failure to Perform Timely Accounting Procedures

Recommendation:

Serenity 67 should maintain the general ledger on a timely basis including posting transactions, completing account reconciliations, and preparing monthly financial statements. Serenity 67 should develop a written accounting policy manual which includes month-end procedures along with formal approvals and other control procedures. Those in charge of governance should monitor the process to ensure compliance with the policies established.

Response: Resolved

Finding 2008-03 Controls over Financial Reporting

Recommendation:

In my judgment, due to the lack of resources available to management to correct this material weakness in financial reporting, I recommend management mitigate this weakness by having a heightened awareness of all transactions being reported.

Response: Unresolved

Finding 2008-04 Late Submission of the Audit Report

Recommendation:

Management needs to place emphasis on providing audit related data in a timely manner and establish financial reporting procedures that will ensure the complete, accurate, and timely recording to transactions. In addition, management should develop and adhere to year-end closing procedures.

Response: Unresolved – See Finding 2009-01

SERENITY 67

Schedule of Prior Year Findings and Questioned Costs –
Financial Statement Audit
For the Year Ended June 30, 2009

MANAGEMENT LETTER COMMENTS:

ML 2008-01 Fixed Assets

Response: Unresolved

ML 2008-02 Old Outstanding Checks

Response: Resolved

MANAGEMENT'S CORRECTIVE ACTION PLAN



May 25, 2010

Daryl G. Purpera, CPA, CFE
Louisiana Legislative Auditor
1600 North Third Street
P.O. Box 94397
Baton Rouge, LA 70804-9397

Dear Mr. Purpera:

Please forgive the late submission of Serenity 67 Community Center's compilation for fiscal year end June 2009. Due to the downsize of administrative personnel to only one person, myself, and maintaining the daily operations of the organization the compilation data was not given to the CPA in a timely manner. As a result a request for an extension of time was requested and granted. However, during the continued preparation for the compilation my dad passed away on January 11, 2010, which further delayed the submission of the report.

There is a compilation required for fiscal year end June 2010, I am currently compiling the data and committed to having it conducted and submitted prior to December 31, 2010.

Respectfully,

Patsy Parker
Director

617 Eddie Robinson
Baton Rouge, LA 70802
Phone - 225-387-5077